

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110278747401**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Gary Feldman, Respondent
CRD 1705897

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Feldman entered the securities industry in July 1987 when he became registered with E.F. Hutton & Company Inc as a General Securities Representative. Since then, he has been registered with several firms, most recently Oberon Securities, LLC ("Oberon Securities" or "the firm"), which he joined in November 2010. Feldman voluntarily resigned from Oberon Securities on August 15, 2011. Feldman is not currently associated with any FINRA member firm, but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

RELEVANT DISCIPLINARY HISTORY

Feldman has no relevant disciplinary history.

OVERVIEW

On April 28, 2011, Feldman sent an e-mail to 29,457 individuals, many of whom he did not know, soliciting interest in an unregistered offering of a special purpose vehicle established to acquire pre-IPO shares of Facebook ("Facebook SPV"). Feldman sent a second, similar email to the same 29,457 individuals on May 19, 2011. These e-mails constituted general solicitations in contravention of Section 5 of the Securities Act of 1933 ("Securities Act") and in violation of FINRA Rule 2010. Further, the e-mails contained material misstatements about the nature of the investment, in violation of NASD Rule 2210 and FINRA Rule 2010. Finally, Feldman violated NASD Rule 3040 and FINRA Rule 2010 by participating in private securities transactions without providing prior notice to, or receiving approval from, Oberon Securities.

FACTS AND VIOLATIVE CONDUCT

Feldman Engaged in the General Solicitation of an Unregistered Offering

Section 5 of the Securities Act prohibits any person from selling or offering to sell securities by use of any means or instruments of transportation or communication in interstate commerce or the mails unless a registration statement for the securities has been filed with the Securities and Exchange Commission.

While registered with Oberon Securities, Feldman sent two e-mails to 29,457 individuals, many of whom he did not know, soliciting investments in the Facebook SPV, which was an unregistered security. Section 5 prohibited Feldman from offering interests in the Facebook SPV to these individuals through general solicitations. Two individuals eventually invested in the Facebook SPV as a result of Feldman's solicitations. One person invested \$100,000 and the other invested \$25,000.

By virtue of the foregoing, Feldman violated FINRA Rule 2010 by failing to adhere to the requirements of Section 5 of the Securities Act.

Feldman Made Misleading Statements to Potential Investors

Feldman included numerous statements in his April 28 and May 19 e-mails that (i) failed to provide fair and balanced treatment of risks; (ii) failed to provide a sound basis for evaluation; and/or (iii) were false, exaggerated, unwarranted, or misleading. The misleading statements in the April 28 e-mail included the following: "[w]e are pleased to announce that we are able to offer investors an opportunity to own private common stock in Facebook before it potentially becomes a publicly traded company." Feldman was only able to offer his clients

the opportunity to purchase interests in a special purpose vehicle that invested in Facebook, not investments that involved direct ownership of Facebook stock.

He also wrote in the same email that "we previously were only able to offer that opportunity primarily to institutional investors, or individuals with \$50-100 million to invest." None of Feldman's clients through Grand Ridge Capital was an institutional investor, nor did he ever have any institutional clients. Furthermore, it was misleading to suggest that prior to April 2011, an individual would need \$50 million to invest in a special purpose vehicle such as the Facebook SPV.

In the May 19 e-mail, Feldman made numerous inappropriate and misleading comparisons between the performance of LinkedIn's IPO and an investment in a Facebook SPV. He also wrote that "given today's activity in LinkedIn and a looming quiet period in Facebook stock, there is a limited window of opportunity." In fact, there was no looming quiet period in Facebook, and, therefore, the implication that there was a limited window of opportunity to purchase a Facebook investment vehicle was misleading.

By including numerous misleading statements in his two e-mails, Feldman violated NASD Rule 2210 and FINRA Rule 2010.

Feldman Participated in Private Securities Transactions

Based on Feldman's representations and recommendations, two recipients of his e-mails purchased interests in the Facebook SPV: customer JG invested \$100,000 on May 26, 2011, and customer GP invested \$25,000 on July 13, 2011. Despite both purchases taking place while Feldman was registered with Oberon Securities, Feldman did not provide prior written notice of the transactions, nor did the firm grant Feldman approval to participate in the transactions.

As a result, Feldman violated NASD Rule 3040 and FINRA Rule 2010.

B. I also consent to the imposition of the following sanctions:

a. A fine of \$25,000.

b. A suspension from associating with any member firm in all capacities for three months.

The fine shall be due and payable either immediately upon reassociation with a member firm following the three-month suspension noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

I specifically and voluntarily waive any right to claim that I am unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

I understand that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
 - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. I may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. I understand that I may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

I certify that I have read and understand all of the provisions of this AWC and have been given a

full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

07/24/2012

Date (mm/dd/yyyy)



Gary Feldman

Reviewed by:



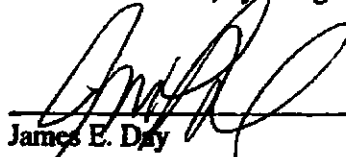
Sharon Ash
Counsel for Respondent
Hamburger Law Firm
60 West Palisade Avenue
Englewood, NJ 07631
201-705-1227 (phone)
201-705-1201 (fax)

Accepted by FINRA:

12/10/12

Date

Signed on behalf of the
Director of ODA, by delegated authority



James E. Day
Associate Vice President and Chief Counsel
FINRA Department of Enforcement
15200 Omega Drive
Rockville, MD 20850
301-258-8520 (phone)
202-721-8303 (fax)